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86-1.85 Additional Disproportionate Share Payment -

The State's methodology used to take into account the situation of disproportionate share hospitals also includes additional payments to meet the needs of those facilities which serve a large number of Medicaid-eligible, low income and uninsured patients, including those eligible for Home Relief, who other providers view as financially undesirable. These payments are available to hospitals on behalf of certain low-income persons who are described below and are made in addition to, and not as a substitute for, disproportionate share payment described in sections 86-1.65, 86-1.74 and 86-1.84. However, the calculations of hospitals bad debt and charity care experience, used to determine the disproportionate share payments made under sections 86-1.65, 86-1.74 and 86-1.84, does not include costs of services to any person for whom an additional disproportionate share payment has been made under this section.

These additional payment adjustments are made by the Department to disproportionate share hospitals who have provided services to persons determined to be low-income by reason of their having met the income and resource standards for the State's Home Relief program. These persons must have demonstrated to a local social services district or the Department that their household income and resources do not exceed the income and resources standard established by the Department, which standards vary by household size and take into account the household's regularly recurring monthly needs, shelter, fuel for heating, home energy needs, supplemental home energy needs and other relevant factors affecting household needs.

Each hospital will determine which patients qualify as low-income persons eligible for additional payments by a verifiable process subject to the above eligibility conditions. Each hospital must maintain documentation of the patient's eligibility for additional payments and must document the amounts claimed for additional payments. The supporting documentation must include written verification from a local social services district or the Department attesting to the person's eligibility for Home Relief. Such supporting documentation may be in the form of a photocopy of the person's current valid official benefits card or a copy of an eligibility verification confirmation received from the Department's Electronic Medicaid Eligibility Verification System (EMEVS), which system includes information with respect to persons eligible for Home Relief and additional payments, or other verifiable documentation acceptable to the Department which establishes that the person has met the income and resource standards for Home Relief on the date the services were provided.

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A "disproportionate share hospital" for purposes of receiving additional disproportionate share payments under this provision is any hospital which furnishes medical or remedial care to a qualified low-income person without expectation of payment from the person due to the patient's inability to pay as documented by his or her having met the income and resource standards for Home Relief benefits as set forth above. In addition, a "disproportionate share hospital" (except hospitals serving an in-patient population predominantly comprised of persons under 18 years of age and hospitals which did not offer non-emergency obstetrical care on or before December 21, 1987) must have at least two obstetricians with staff privileges who have agreed to provide obstetrical care and services to Medicaid-eligible patients on a non-emergency basis.

The amount of this disproportionate share adjustment will vary by hospital and reflect the dollar amount of payments from the State to the hospital for services provided to low income patients. For each hospital such adjustments shall be paid in the normal Medicaid payment process and according to established rates or fees. To receive payment of this adjustment each hospital must submit a claim in the form and manner specified by this Department.

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Supersedes TN New Effective Date OCT 10 1991

(12/95)
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86-1.88 (a) Effective October 1, 1995, the rate for inpatient services provided in primary care hospitals, as defined in New York State law, shall be a per diem rate based upon budgeted operating costs, subject to a ceiling of 110% of the operating costs of general hospitals in the region. The ceiling for the inpatient operating component will be established using the acute care hospitals located in the same region, as defined in subdivision (a) of section 86-1.52 of Attachment 4.19-A of the Medicaid State Plan, as the primary care hospital. The costs of these primary care hospitals will be established using current reimbursable costs, defined in paragraph (b) of this section, adjusted for the anticipated case load of such hospitals. A primary care hospital's anticipated case load shall be determined by using the hospital's most current SPARCS data covering a twelve month period, adjusted for the three day length of stay minimum, which will serve as a proxy for the type of case mix treated by such hospital. The initial case mix will be developed using this case mix proxy and will be based on existing per diem service intensity weights (SIWs) used for acute care hospitals. Each primary care hospital's approved operating budget will be compared to this group ceiling and will be held to the lower of the ceiling per diem or budgeted operating per diem. Subsequent to the establishment of the initial rate for inpatient services, prospective adjustments to the rate will be made pursuant to the process set forth in section 86-1.61 of Attachment 4.19-A of the Medicaid State Plan if the actual case mix, using the SPARCS data filed with the State, is significantly different from the anticipated case mix used in determining the initial rate. A significant difference between the actual and anticipated case mix of a hospital shall mean a change of greater than plus or minus two percent. Capital costs will be passed through on a per diem basis.

(B) For purposes of this section, "current reimbursable costs" shall mean the proposed operating budget submitted by the primary care hospital for purposes of establishing an inpatient rate using allowable reimbursable costs set forth in section 86-1.21 of Attachment 4.19-A of the State Plan.

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Supersedes TN New Effective Date OCT 1 1995

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86-1.89 Graduate Medical Education - Medicaid Managed Care Reimbursement

Effective January 1, 1996, teaching hospitals shall receive direct reimbursement from the State for graduate medical education (GME) costs associated with inpatient services rendered to patients enrolled in Medicaid managed care plans.

Each teaching hospital will be paid an average per discharge amount for each Medicaid managed care patient discharged from the hospital using the latest average Medicaid case mix as follows:

Initial payments will be based on the estimated GME reimbursement included in the 1996 inpatient rates of payment for each facility determined on a case mix neutral per discharge basis for both case payment including outliers and the exempt unit rate type.

Hospitals shall submit data to the department including the actual case mix of each Medicaid managed care patient discharged, the final payment amount for services rendered by the hospital, and, for exempt units, the days of care rendered by the hospital.

Initial payments will be reconciled using the actual case mix of the Medicaid managed care patients discharged from the hospital when the necessary data is received and finalized, however, the reconciliation shall be completed within two (2) years from date of discharge.

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Supersedes TN New Effective Date JAN 1 1996

86-1.88 Public Hospitals Disproportionate Share Payments

Public hospital disproportionate share payments will be made to increase reimbursement to hospitals operated by the State of New York, the State University of New York or by county governments. To be eligible, hospitals must be operating at the time the payments are made. The payments are subject to the availability of funds and subject to the payment limits established in section 86-1.87 of this plan.

Public general hospitals operated by a county, which does not include a city with a population of over one million, operated by the State of New York or the State University of New York, or beginning April 1, 1997, public general hospitals located in the county of Westchester or the county of Nassau, shall receive additional payments effective August 1, 1996, April 1, 1997 for the period April 1, 1997 through March 31, 1998 and April 1, 1998 for the period April 1, 1998 through March 31, 1999 and August 1, 1999 for the period April 1, 1999 through March 31, 2000, subject to the limits established pursuant to section 86-1.87 of this plan. Such payments shall be established based on medical assistance and uninsured patient losses for 1996, 1997, [and] 1998, and 1999, after considering all other medical assistance based initially for 1996 on 1994 reconciled data as further reconciled to actual reported 1996 reconciled data, and for 1997 based initially on reported 1995 reconciled data as further reconciled to actual reported 1997 reconciled data, and for 1998 based initially on reported 1995 reconciled data as further reconciled to actual reported 1998 reconciled data, and for 1999 based initially on reported 1995 reconciled data as further reconciled to actual reported 1999 reconciled data. The payments may be added to rates of payment or made as aggregate payments to eligible public general hospitals.

Public general hospitals, other than those operated by the State of New York or the State University of New York, located in a city with a population of over one million, shall receive 120 million dollars in additional disproportionate share payments effective January 1, 1997 and 120 million dollars in additional disproportionate share payments during each state fiscal year

commencing April 1, 1997 and [April 1, 1998] thereafter until March 31, 2000. Such payments will be made to each qualified individual hospital based on the relative share of each such hospital's medical assistance and uninsured patient losses for 1997 after considering all other medical assistance payments to such public general hospitals based on 1994 [or 1995] reconciled data as further reconciled to actual reported 1997 reconciled data and for any payments made in 1998 based initially on reported 1995 reconciled data as further reconciled to actual reported 1997 or 1998 reconciled data, and for payments made during the state fiscal year beginning April 1, 1998 based initially on reported 1995 reconciled data as further reconciled to actual reported 1998 or 1999 data and for payments made during the state fiscal year ending March 31, 2000 based initially on reported 1995 reconciled data as further reconciled to actual reported 1999 or 2000 data. The payments may be added to rates of payment or made as aggregate payments to eligible public general hospitals.

Attachment B

Examples of the Application of the Severity Offset to the Case Mix Penalty

The FLHEP-4E contract specifies that any increase in severity, on an individual hospital basis, will be offset against the creep component of the case mix penalty.

Suppose that the case mix penalty for a given FLAHC hospital for 1992 was 2%. Once the severity data for 1992 has been analyzed, the increase in severity from 1987 to 1992 will be used to reduce this case mix penalty. Three different examples are described below to illustrate the three situations which can arise in the relationship between the case mix penalty and the change in severity.

1. Suppose that the severity of illness of the discharges from the hospital increases by 0.5% from 1987 to 1992. Then the case mix penalty will be reduced by the 0.5% to 1.5%:

   2.0% - 0.5% = 1.5%

2. Suppose the severity of illness increases by 3% from 1987 to 1992. Then the case mix penalty will be reduced to 0%, since the increase in severity is greater than the case mix penalty.

   2.0% - 3.0% = -1.0%

   Since this is negative the case mix penalty is set at zero.

3. Suppose the severity change from 1987 to 1992 is negative. Then there is no adjustment to the case mix penalty.

   2.0% - 0% = 2.0%

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Hospitals

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ITEM	PROXY
Labor	
Executive, Administrative and Managerial Personnel	ECI-Civilian-Compensation-Executive, Administrative and Managerial 1/
Professional and Technical Personnel	ECI-Civilian-Compensation-Professional and Technical 1/
All Other Personnel	1. ECI-Civilian-Compensation-Service Occupation 41.1% 1/ 2. ECI-Civilian-Compensation-Clerical 45.0% 1/ 3. ECI-Civilian-Compensation-Blue Collar 8.9% 1/ 4. ECI-Compensation-Private Industry-Workers-Union-Service Producing Industries 5.0% 1/
Regional Adjustment Factor	Average hourly earnings industry composite-New York and U.S. - 50% CPI-U-New York City Area, Buffalo Area, Northeast Size b, Northeast Size C, U.S. - 50%
Administrative and General	
Telephone	Telephone rate index
Postage	Consumer Price Index (CPI-W)
Insurance - malpractice and umbrella	Malpractice survey
Insurance - General Liability and property	General Liability insurance rates
Insurance Automobile	Automobile insurance (ECI)
Insurance - Other	Insurance Composite

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ITEM	PROXY
Legal Fees	ECI-Compensation-Private Industry Workers-Professional Specialty & Technical 1/
Accounting Fees	ECI-Compensation-Private Industry Workers -Executive, Administrative and Managerial 1/
Office Supplies	1. Office Supplies & Accessories (PPI) - 40% 2. Office Machines NEC - 12.5% (PPI) 3. Writing and Printing Papers - 20% (PPI) 4. Pens, Pencils and Marking Devices - 12.5% (PPI) 5. Classified Advertising - 7.5% (PPI) 6. Periodicals, Circulation - 7.5% (PPI)
Management Consulting Fees	Average hourly earnings - Management and Public Relation Services 2/ a. ECI Private Industry Workers - Compensation - Executive, Administrative and Managerial 3/ b. ECI - Private Industry Workers - Wages and Salaries - Executive, Administrative and Managerial 3/
Data Processing	Average Hourly Earnings - Computer and Data Processing Services 2/ a. ECI-Private Industry Workers-Compensation-Professional Specialty and Technical 3/ b. ECI-Private Industry Workers-Wages and Salaries-Professional Specialty and Technical 3/
Interest Expense - Working Capital	Predominant prime time
Real Estate Taxes	1. NYC tax rates 2. Upstate overall tax rates
Dietary	1. All Foods (PPI) - 40% 2a. Food at Home, U.S. City average (CPI) or 2b. Food at Home, NY-NENJ (CPI) - 40% 3. Cups and Liquid - Tight Containers (PPI) - 3% 4. Tableware, Serving Pieces, and Nonelectric Kitchenware (CPI) - 7% 5a. Food Away From Home, (CPI) U.S. City average or 5b. Food Away From Home, NY-NENJ (CPI) - 10%1